

## **Council Tax Recovery Process**

### **Background**

Council Tax is billed, collected and recovered under the statutory requirements of the Local Government Finance Act 1992 and the Administration and Enforcement Regulations 1992, statutory instrument (613) 1992 and associated regulations.

### **Recovery process**

At the start of the financial year, all Council tax payers are given at least ten monthly instalments to pay their charges. Legislation was changed from 1<sup>st</sup> April 2013, which allows up to twelve instalments to be offered to those who request this for payment within the financial year.

If an instalment is not received by the payment due date, a statutory reminder notice is issued, requesting payment of the instalment within seven days. Only a maximum of two instalments can be issued, however if the account has been brought up to date and subsequently payment is not made, a final notice will also be issued.

At each stage of the recovery process, the Council Tax payer is asked to contact the Council if there is difficulty in making payments.

If an account remains in arrears after the issue of at least four documents, recovery action is taken under the legislation, resulting in the service of a summons and additional costs being added to the debt. Bearing in mind the maximum charge is below £250.00 for around 94% of the group of payers previously receiving maximum Council Tax Benefit (Council Tax Welfare recovery group), summons costs were agreed by the Magistrates Court as follows:

£40.00 for balances between £40.00 and £249.99  
£70.00 for balances of £250.00 and above.

Following the issue of a summons an application is made at the Magistrates Court for a liability order. This allows the Council to collect monies owed to it by other means, if the charge payer continues to fail to pay. These are as follows:

- Deductions from benefits
- Attachment to earnings
- Referral to enforcement agents (bailiffs)

### **Assistance for new Council Tax payers previously receiving 100% Council Tax Benefit**

Leicester City Council has approximately 130,000 domestic properties. Of these, 16,654 cases were identified as receiving 100% Council Tax Benefit during a snapshot period in February 2013 and tracked to monitor recovery activity during 2013/14.

In order to provide further assistance to these payers, additional non statutory reminders have been issued before taking formal recovery action. These have been termed Welfare Recovery cases.

Where a liability order has been obtained from the Magistrates Court, in the majority of instances it is possible to apply to the Department for Works and Pensions (DWP) for deductions from benefits. If the charge payer's circumstances have changed and they are now working, the Council may also apply for an attachment of earnings.

However there are instances where neither type of attachment is possible and the only option available is enforcement action. Whilst it is accepted that the Council Tax Welfare recovery group require additional assistance, this must be balanced with the council's obligation to collect the charges under Council Tax legislation.

Leicester City Council currently uses two firms of enforcement agents; Rossendales and Bristow and Sutor. However, rather than the standard process followed by enforcement agents for any other Council Tax and business rates debts, less robust action was agreed, with more emphasis on trying to engage with the charge payer by letter, telephone and where necessary visit. In addition, consideration is given to capping enforcement fees, to ensure hardship to the Council Tax payer is minimised, whilst safeguarding the Council's interest.

Cases are carefully filtered by the council's recovery team before referral.

New enforcement legislation came into effect from 6<sup>th</sup> April 2014 which standardises the approach by enforcement companies, whilst also setting a set level of fee for each action to minimise disputes.